

Message Text

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51

ACTION EUR-12

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E.O. 11652: NA

TAGS: EFIN, TU

SUBJ: ADJUSTMENT OF TURKISH LIRA EXCHANGE WITH EUROPEAN CURRENCIES

1. CENTRAL BANK ON EVENING NOVEMBER 26 ANNOUNCED ADJUSTMENT OF PARITY OF TURKISH LIRA WITH MAJOR EUROPEAN CURRENCIES. GOVERNOR OF CENTRAL BANK ANNOUNCED THAT RECENT SHIFTS IN THE VALUE OF THE U.S. DOLLAR AND OTHER CURRENCIES, NOTABLY THE GERMAN MARK AND THE SWISS FRANC, ON INTERNATIONAL EXCHANGE MARKETS HAD MADE NECESSARY AN ADJUSTMENT OF THE RATE SET FOR THE TURKISH LIRA WITH A NUMBER OF CURRENCIES. HE SAID READJUSTMENT IN THE EXCHANGE RATE OF THE TL HAD BEEN MADE BOTH TO CORRECT THE RESULTING DISPARITIES IN RATES AS WELL AS TO INCREASE TURKEY'S FOREIGN EXCHANGE INCOME MAINLY THROUGH EXPORTS AND WORKERS' REMITTANCES WHICH HAVE RECENTLY BEEN GROWING LESS RAPIDLY. AS OF NOVEMBER 27 THE NEW RATES ARE AS FOLLS:

DEUTSCHE MARK FROM TL 5.25 TO TL 5.65

SWISS FRANC FROM TL 4.77 TO TL 5.21

AUSTRIA SCHILLING FROM TOL .074 TO .078

DUTCH GUILDER FROM TL 5.17 TO TL 5.41

BELGIAN FRANC FROM TL .035 TO TL .037

FRENCH FRANC FROM 2.90 TO TL 2.98.

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THERE ARE SIMILAR ADJUSTMENTS FOR SCANDINAVIAN CURRENCIES.
THE RATE OF TL 13.85 PER U.S. \$1 HAS NOT BEEN CHANGED HOWEVER.

2. COMMENT: THE TURKISH GOVERNMENT, WHICH MAINTAINS
FIXED EXCHANGE RATES FOR THE TURKISH LIRA, HAS IN RECENT MONTHS
SHOWN A DISPOSITION TO MAKE MORE FREQUENT ADJUSTMENTS OF THE
EXCHANGE RATE TO CORRESPOND TO CHANGES IN THE FLOATING RATES OF
MAJOR CURRENCIES ON THE INTERNATIONAL MARKET. SOME
DEVALUATION OF THE TURKISH LIRA IN RELATION TO CURRENCIES OF ITS
MAJOR TRADING PARTNERS HAS BEEN NECESSARY BECAUSE OF TURKEY'S
DETERIORATING TRADE BALANCE. FOR THE FIRST TEN MONTHS OF 1974
TURKEY'S IMPORTS HAVE INCREASED BY 72 PERCENT WHEREAS EXPORTS HAVE
INCREASED BY ONLY TWENTY PERCENT. THE DEFICIT ON TRADE FOR 1974
COULD WELL REACH \$1.8 BILLION IN COMPARISON WITH A DEFICIT OF
APPROXIMATELY \$780 MILLION DURING 1973.
MACOMBER

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